

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, OCTOBER 14, 1993

Chairman Tull called the meeting to order at 1:35 p.m. at the Cavanaugh's River Inn, Spokane, Washington.

MEMBERS PRESENT: ROBERT M. TULL, CHAIRMAN; COMMISSIONERS WANDA MOSBARGER, PATRICK J. GRAHAM, and ARDITH DIVINE; and Ex Officio Member REPRESENTATIVE JUDI ROLAND.

OTHERS PRESENT: FRANK MILLER, Director; SHARON TOLTON, Special Assistant to the Director; BEN BISHOP, Assistant Director, Licensing; NEAL NUNAMAKER, Deputy Director; JONATHAN McCOY, Assistant Attorney General; CALLY CASS-HEALY, Financial Investigations; SUSAN GREEN, Executive Secretary.

1. STAFF REPORTS

Chairman Tull said staff reports have been postponed until tomorrow.

2. LICENSE APPROVALS

NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Chairman Tull said these items are supplied to the members of the Commission in the agenda packet by staff. **Commissioner Graham** moved that the licenses, changes, withdrawals and tribal certifications be acted on in accordance with the recommendation of Commission staff as set forth in the agenda packet. **Commissioner Divine** seconded the motion, motion carried.

3. REVIEW OF FRIDAY'S AGENDA

Ms. Tolton said that tomorrow, following review of the minutes, there will be three staff reports; an update on the legislative gambling policy task force, a report on problem gambling, and an update on Class III negotiations. There is a large number of rules on the agenda for discussion only and final action in November. Staff is proposing that these rules become effective January 1, 1994.

Ms. Tolton said the first group of rules under Item 3 are commercial amusement game rules and are a general cleanup of definitions and clarifications. The final rule in the group is a repealer. There are 23 new bingo rules, including definitions, issues on maintaining the integrity of the industry, and providing a cleaner audit trail for the Commission to follow. The final rule is a punchboard/pull-tab rule that will allow a two-month retention on pull tabs, instead of four months, during a test period, January 1-December 31, 1994, at the discretion of the director. **Chairman Tull** asked if the amendments would be available later today; **Director Miller** said they are in the packet now; **Mr. Bishop** said there is one additional that's not in the packet, but is available now for people to review for comments tomorrow. **Director Miller** said it was also discussed in the study group.

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4. GENERAL DISCUSSION

Director Miller said the main issue in Class III gaming now is the Spokane Indian Tribe's slot machines, which can be discussed today if desired. **Chairman Tull** said to include that topic in the Class III briefing tomorrow; he asked if there were other topics to discuss. **Commissioner Graham** said he would give a report on the most recent meeting of the legislative task force tomorrow.

5. DEFAULT HEARINGS

Fred's Tavern,

Revocation of PB/PT License

Chairman Tull said this one was resolved, so no Commission action needs to be taken at this time.

Sharon K. Storino

Denial of Cardroom Employee License

Chairman Tull said this is an order denying a cardroom employee license and forfeiting the application fees. Staff has presented a summary to the commissioners for entry of a decision. The applicant has not responded to the various notices sent to her on this matter. He said the question before the Commission on CR 93-0871 is whether the Findings, Conclusions and Final Order should be adopted. **Commissioner Mosbarger** moved to adopt; **Commissioner Graham (and Commissioner Divine)** seconded the motion; motion carried. The order was signed; **Mr. Bishop** said he would circulate the order to the appropriate parties. **Chairman Tull** called for the recertification reviews to be taken before the formal reviews.

RECERTIFICATION REVIEWS

Columbia Basin Domestic Violence, Kennewick

Ms. Cass-Healy said they are a charitable organization with a Class "J" bingo license, and also hold a Class "M" punchboard/pull tab license. Their statement of purpose is "to provide temporary shelter, 24-hour crisis intervention, counseling, legal advocacy and support services to victims of domestic violence." Services include four major programs: counseling, education, emergency housing and a volunteer program that provides intervention, legal advocacy and crisis line services. The organization served approximately 8,000 people last year through 14 employees and 80 volunteers. Net gambling revenues totaled \$379,000, and the organization spent \$486,753 in support of their stated purposes.

Staff recommends recertification. **Commissioner Graham** asked about the net cash available figure, and if their future plans are more definite than what is listed. **Ms. Cass-Healy** said their hope was to provide more services for battered women at this time. **Mr. Bishop** said staff can ask for more detail to bring to the next meeting. **Commissioner Graham** said the task force is starting to question the large amounts of money some of the organizations have on hand, and what plans are in store for that money. **Director Miller** said the new rules will cover more details, such as cash on hand as a percentage of how much they make and where the money will go.

Educational Institute for Rural Families, Pasco

Ms. Cass-Healy said they are a charitable organization with a Class "J" bingo license and a Class "N" punchboard/pull tab license. Their statement of purpose is to "improve the education and living conditions of migratory, seasonal, and low-income families." The organization served 957 children last year. Net gambling revenues totaled \$543,000, and they spent \$463,415 in support of its stated purposes. Staff

recommends recertification as a charitable organization.

United Blind of Tri-Cities, Kennewick

Ms. Cass-Healy said they are a charitable organization and hold a Class "G" bingo license and a Class "J" punchboard/pull tab license. Their statement of purpose is "to promote the special interests of the blind by expanding equality, independence and opportunities for blind and physically disabled citizens." They served approximately 288 members of the general public. Net gambling revenues totaled \$76,000 for the year; they spent almost \$32,000 in support of their stated purposes. Staff recommends recertification as a charitable organization.

Commissioner Mosbarger moved for recertification of all three groups; **Commissioner Divine** seconded the motion; motion carried.

FORMAL REVIEWS

Big Brothers/Sisters of Spokane County, Spokane

Ms. Cass-Healy said they are a charitable organization with a Class "M" bingo license, and a Class "N" punchboard/pull tab license. Their statement of purpose is "to provide guidance, aid and companionship to children from single parent homes." She introduced Don Kaufman. **Chairman Tull** said that at these reviews, the Commission requires the attendance of as many board members as possible.

Mr. Don Kaufman, General Managing Director, said the president of the organization will arrive shortly and at that time he will take over the presentation. **Mr. Kaufman** introduced the board members present: **Ron Waddell**, president-elect and past chair of the bingo committee and current co-chairman of the Bowl for Kids Sake program; **Burel Schulz**, board member who serves on the program committee and personnel and benefits; **Cheri Catt**, chairperson of budget and finance; **Jack Harvey**, board member for more than 20 years, past big brother, treasurer and co-chairman of the Bowl for Kids Sake program; **John Stolz**, board member, past-president, on the bingo committee and the program committee; and **Jack Lucas**, a newer board member. **Mr. Kaufman** introduced staff present: **Bill Spencer**, bingo manager for 11 eleven years; **Joan Pearson**, assistant office manager; **Joann Wagner**, assistant bingo manager; **Lynn LaCombe**, manager of communications and support services; and two volunteers, one parent and one big brother. **Andy Phillipson** is a big brother for a couple of different boys; and **Sharilyn Stark** is the parent of a recently-closed five-year match. He said the president, **Greg Smith**, and **John Kerrick**, past president, just came in with **Bill Davis**.

Greg Smith, president of the board, and also the City of Spokane's Hearings Examiner, apologized for being late, but said he thought they were scheduled to begin at 2:00 p.m. He said the organization has had quite a few positive developments over the last few years since their last review. He said they've supported and matched more than 350 kids with volunteers, and there is currently an active match list of 270. They have purchased and renovated a new bingo hall, which has been very successful. Their program is fully funded with bingo proceeds. He said they've been trying to retire their debts and were able to refinance, at a lower interest rate, the loan for their parking lot. They purchased a piece of railroad right-of-way that ran down the middle of the parking lot, which they're paving now to come into compliance with city codes.

Mr. Smith said they are also expanding their fundraising programs outside of bingo, and started a Bowl For

Kids Sake Program in 1992, which has attracted more than 2,000 participants. In 1993, there were more than 2,500 participants and they netted over than \$50,000. They also helped a Big Brothers & Sisters program in Coeur d'Alene with a small loan and social service support, which has resulted in positive changes for them. He said they started a local TV advertising program and showed two of the ads on a big screen TV. They featured one of the unmatched children on a segment called, "Wednesday's Child," during the local news programs. (Showed TV ads)

Sharilyn Stark, parent, talked about the successful match of her son to a Big Brother. She showed the Commission a picture of her son and his match, which began in 1988 and recently ended. A counselor at her son and daughter's school recommended the program because of their less than positive family situation. By the time her son, Eric, was eleven years old, he was angry, confused and somewhat anti-social, and it was unlikely they would find a big brother willing to take him. His eight-year-old sister was easier to match. However, both children were matched quickly. Now, five years later, the daughter has had two positive matches, adult friends that were not her mother's friends, so that she had someone to talk to. Her son was matched to someone she never thought would be a good match, because he was so different than she had expected. She said the screening process helped assure her that this person was a good match, and that if she ever had any questions about what was happening with the program, she could always call the staff and discuss it. The follow-up is excellent and she hears from the case worker every three months. The match is analyzed every year and the future is discussed.

Ms. Stark said this was her son's first positive male role model, and his big brother was not to be his father but his friend, in order for him to learn how to be a man. Eric, her son, was eleven; and Mike, the big brother, was in his late 20s. Mike was determined to teach him about responsibility and not just be his babysitter. They participated in many of the planned group activities offered by the organization, but there were also times when they would stay home and change the spark plugs and the oil in the car. The car that Mike and Eric worked on is now Eric's and was purchased from Mike. They also learned how to make spaghetti sauce from scratch. Although they never had to take advantage of the scholarship or campership money, it was nice for her to know it was available if needed. Mike provided a balanced reality for Eric, in that he realized that every family has to budget, not just divorced families. Eric became involved in athletics as he grew and Mike, who was never athletic, went to Eric's games and cheered him on.

Ms. Stark said Mike taught Eric how to be a teenage boy and do guy things. Eric began introducing Mike as his brother, not his "big brother." The bond grew stronger as time went on, which concerned her because there would come a time when that match would have to be broken. Mike also taught Eric about dating and how to treat a lady. When Mike chose a woman for his wife, Eric was able to be part of that process; they went shopping for her birthday and Christmas presents. She said they are more than friends. Mike changed his job schedule to go back to school, and their times together were not as often. Mike graduated from Spokane Falls Community College and enrolled in Gonzaga, and was always an "A" student with a strong desire to excel, which helped Eric see the value of education. In May of this year, Mike called and invited Eric to be one of his three guests at graduation, and he insisted that he come, even though it was Mother's Day and she wasn't invited to the graduation. Mike was married in June, and Eric was the first of 30 guests to be invited, and the only non-relative. In August, Mike moved to Seattle to attend the University of Washington in the Masters program in engineering with a teaching fellowship. Eric rode with Mike in the moving van to Seattle from Spokane and discussed the breaking of this match. She said she figured they would keep in touch by writing and calling. The first week that Mike was gone, there were three phone calls, two letters and a request for Eric to come and see Mike. She allowed Eric to drive across the state to see Mike. She said that the match had to be officially broken by signing papers declaring the match had ended. But she said Big Brothers will always be with them, and the influence Mike has had on their lives has been

tremendous.

Ms. Stark said that the positive influence Mike had on Eric came through in an essay that Eric had to do at school, in which Eric wrote about his future. He wrote that in ten years, he plans to be back in college for the second time. He said he expects to have found out that what he had first chosen wasn't right and he would be back in school. He also said he would be a big brother himself, which she said was the only surety in the essay about his future life.

Andy Phillipson, Big Brother, testified about his experience as a big brother to two little brothers. He said he is 38 years old, married, with their first child on the way. He's a union iron worker and has recently assumed the position of apprenticeship coordinator. He began with Big Brothers & Sisters in the late 70s when he was matched to his first little brother for five years. After an absence from the program, he returned in March of 1990 and was matched to David. This year, he and David began to include David's younger brother, Daniel, into their match. They are 11 and 13 years old. The agency-sponsored activities they enjoy include camping, horseback riding, canoeing, roller and ice skating, I-MAX movies, water slides, inner tubing, travel trips, bowling and Silverwood. The group events are made very affordable due to the arrangements made by the organization so that people of all income levels can participate.

Mr. Phillipson said things aren't always positive in his relationship with his two little brothers. He said he does a pretty good job of keeping things together, but he could not be successful without the staff support at Big Brothers, especially that of his case worker, Barb Bailey. He read a portion of a letter written by one of his little brothers, in which he said he'd been getting into a lot of trouble in the last few days and he doesn't know why, and that he got in trouble with the police. The letter also said the little brother still trusts Mr. Phillipson and doesn't blame him if he doesn't want to be his big brother anymore, but that he wants to talk to him about it. **Mr. Phillipson** said he doesn't know what he'd do without the support of the organization in situations like this. He said the program needs the resources and money raised through the bingo operation. Investing in these children at this level pays big dividends later in life. He said this program is the best value going. The educational support the kids and their families receive from the agency is very valuable, and it builds self esteem and a sense of community. The goal he set is to raise children to be responsible productive adults, and he needs the help he gets from the agency to do this.

Commissioner Graham asked Mr. Kaufman about the amount of reserve funds they have, and if there should be a cap on the amount of gross a bingo game can make in order to allow more groups to profit from benefits of fundraising with bingo. He also asked why the reserve funds are still so high when they've bought the parking lot, the railroad right-of-way and a bingo hall. He asked how big should the big games be allowed to get, and how much money do they really need to operate. What are their plans for using their assets?

Mr. Smith said they've been fortunate over the last several years to have a successful bingo game, but they don't see bingo as a permanent fundraising solution. They've added to an endowment fund in hopes that it will be their rainy day fund, which may have to be used once the tribal games open. He said they've already noticed impact on their game from the Indian games, and they want to be sure and save for a future when they may not have as successful of a game. They still have quite a bit of debt in that the parking lot was refinanced, not paid off, and there is still the debt behind the building. **Mr. Kaufman** said their endowment now sits at about \$900,000, and if it was up to \$1 million and was to be used properly, it could generate 10-12 percent return on an annual basis, which would be \$100,000 at 10 percent. If there's no way of feeding that endowment from the outside, it needs to be prepared for the future, which means fighting off inflation. Out of the \$100,000, no more than \$50-60,000 could be spent; and the remainder would have to be put

back into the endowment to keep up with inflation. They have a fundraising activity called "Bowl for Kid's Sake," which produces \$50,000 per year and the hope is for that to increase. He said he's concerned about the size of a bingo game being capped, and about a cap on an endowment. If their game is capped, the costs will continue to rise as inflation rises, and minimum wage will continue to go up. A game that brings in \$500,000 now will only bring in \$450,000 a year from now and will keep going down hill. There will be no money to put back into their facility. He said the numbers on the games he sees now don't seem to support the theory that small games are not getting bigger. He said he thinks everyone is going up right now, keeping pace with inflation and maybe a little better.

Commissioner Graham asked if the figure of \$851,000 is cash available and has nothing to do with the endowment. **Mr. Kaufman** said they don't have that kind of cash around; it's partly endowment and partly cash reserve. The cash reserve is going down and they're spending about \$180,000 to purchase the railroad right-of-way land and to pave, curb and landscape the parking lot in order meet the beautification codes required for the parking lot. He said it is confusing, but they did pay off the parking lot loan, which was an old loan re-routed onto the back of the building, which was purchased from the same person. They had wanted to combine both into one loan, but the person refused because it had an 11 percent interest rate, although he did lift the penalty on paying it off early. They paid off the \$145,000, 11-percent loan. The building had two loans; one on the old piece of property and one on the current piece. Those loans had 10-percent-plus interest rates with five-year calls that were refinanced into a 10-year loan, with no calls, at eight percent. He said they are in a good position for the future, but they still have a lot of debt. They owe approximately \$700-750,000 to Seattle First for the purchase price and remodel costs, and they own \$775-800,000 on the purchase of the building at nine percent. He said they have plans to reduce their debts.

Commissioner Graham told the Board that their managing director, Don Kaufman, has been excellent in cooperating and working with over the years, and the Commission has had a nice relationship with him. **Chairman Tull** said the issue of access to fundraising opportunities has been fascinating to him, and he thinks Commissioner Graham has been giving them early warning as to what the climate is on these issues in the Legislature. It is important that the people running these excellent organizations keep an eye on those issues. He commended the Big Brothers/Sisters of Spokane County for their programs and the leadership they provide to the bingo and gambling industry and to the Gambling Commission. He said he appreciates the good work of Don Kaufman and the organization. He said this formal review process helps the Commission see programs that work, and that it takes dollars to make them work. He asked if any board members would like to make comments or suggestions to the Commission at this time. Hearing none, he said written comments are also encouraged.

Kay Cobb, board member for 18 years, said Don Kaufman was the person who first interviewed her when she came into the office with her 11-year-old son. She said, as a former president, she wondered if Mr. Kaufman thought it was their full-time job because he's very demanding. She said she's seen a number of problem situations arise, and because of the capable staff and board, problems are handled well. Mr. Kaufman has encouraged the development of the Board and their involvement with the staff. Every board member drops into the bingo hall from time to time to observe. She said the case-work staff is marvelous and they work well with the children, who seem to be more and more troubled than 10 years ago. She said a Tim Cobb memorial fund was set up when her son died six years ago, and that it's going quite well. Her father passed away last week and they will be adding more money to that fund in the way of memorials. She said the board members work on many committees and there is a strong relationship between the staff and Board. She said they are feeling the impact of the Indian games very much.

Commissioner Divine thanked Mr. Kaufman, the board members and staff for bringing such a fine program

to Spokane. **Commissioner Mosbarger** said she is concerned about the possible changes that could be made by the state, and that they will not penalize organizations that have successful bingo games that are able to have a reserve.

Commissioner Divine moved for recertification, **Commissioner Mosbarger** seconded the motion. **Chairman Tull** thanked the Board for taking the time to come to the meeting; he called for a vote, motion carried with three aye votes. He called for a brief recess while the next group sets up.

*** RECESS ****

Chairman Tull called the meeting back to order and said there is one more formal review. When it is concluded, the Commission will go into executive session with Mr. McCoy and Director Miller on a number of pending legal issues. Following the executive session, there will be no further public session today.

FORMAL REVIEWS

Spokane Youth Sports, Spokane

Ms. Cass-Healy said they are an athletic organization with a Class "K" bingo license and a Class "M" punchboard/pull-tab license. Their statement of purpose is to "implant in the youth of the greater Spokane area good sportsmanship and the ideals of good citizenship." She pointed out one error in the packet handed out to the public; on the second page of Spokane Youth Sports, the administrative expenses under summary of activities should be \$113,451. She said there was a packet of information handed out by Spokane Youth Sports to the commissioners. She introduced Dwight Merkel to make the presentation.

Mr. Merkel, Executive Director, said their president, John Morrison, is in Nashville at a conference. Mr. Merkel said there will be a 10-minute formal video presentation of their program and how far they've come since 1989, which was their last formal review. He introduced board members, staff members and trustees present: **Kirby McKee**, longtime member, coach and parent; **Ron Cater**, parent, involved for many years; **Jack Kimmel**, sports figure in Spokane and Boise; **Bill Davis**, past trustee; **Jerry McDermott**, three year member, and bingo committee chairman; **Joe Jenson**, longtime member, trustee, president of foundation endowment fund, and a parent; **Ken Merkel**, new board member (and no relation to Dwight); **Larry Gants**, new board member, and trustee; and **George Taylor**, involved for many years, began as secretary of the soccer committee, and also a parent. He also introduced **Clyde Bock**, who became bingo manager in February of this year; **Von Graf**, involved in different sporting activity programs for the past three years; **Sherrie Mellon**, office manager, with the organization for eight years, volunteer for 15 years; **Veva Pfrimmer**, bookkeeping department; **Karen Schmidt**, who prepares the reports for the Gambling Commission; **Ron Deming**, the organization's accountant from Anderson Peretti, and that firm has helped simplify their reporting system. **Mr. Merkel** said they would show a video and then answer questions. The video was an overview of their sports programs and activities.

Mr. Merkel said that without the gambling revenues, the \$30,000 initial purchase of golf equipment would not have been available to them. The purchase of the indoor building would also not have been available, and that facility makes it possible for them to be a year-round operation. The kid's night out program at the center is on Friday nights for kids ages 12 and under, so when their parents or older brothers and sisters go out, then they have someplace to go too. The activities include crafts, sports, movies, food, and presentations by fire departments and law enforcement agencies, including the DARE program.

Mr. Merkel asked if there were any questions. **Chairman Tull** asked what they do to make sure the parents of families who can't afford the programs find out about scholarships; **Mr. Merkel** said their financial aid program is spread by word of mouth through coaches and volunteers; and the only requirement is that they fill out an application or write a letter, which goes into a file and is not looked at, because if they make the attempt, they must need the financial aid. They don't promote the financial aid program through ads or anything because they would be too overwhelmed with requests, but they are trying to get more children active in their programs. **Chairman Tull** asked if a child signs up for football, what percentage of the actual costs does his fee cover; **Mr. Merkel** said the \$55 fee covers probably 40 percent of what it really costs. The insurance alone is \$25 per participant. **Chairman Tull** asked if they do anything to give the parents orientation as in how to behave at sporting events; **Mr. Merkel** said the program teaches the kids how to become better citizens and grow to be behaving adults. Most parents are glad their children are able to participate, but there are also problem parents, and the volunteers ask those parents to behave themselves. If they do not, they are asked not to return to the games; if they still are a problem, they are told if the bad behavior continues, their child will not be allowed to play and their money will be refunded. So far, they haven't had any real big problems in 26 years.

Mr. Bishop said this group should be congratulated on the improvements in their accounting and reporting system. **Chairman Tull** said there's a big overlap with the programs these two organizations deliver to the youth of Spokane. He said Dwight Merkel has enjoyed the confidence of the Commission for many years, and he is involved in the parks and recreation movement in other ways as well. He thanked the board members for coming today and for the work they do throughout the year. He said the Commission asks board members to keep an eye on organizations to be sure the gambling funds are used properly and are not misled. He thanked them for the reference materials they provided. **Mr. Merkel** said Jerry McDermott was a good catch for their Board to monitor the types of activities they have. **Commissioner Divine** thanked Mr. Merkel and the board for another fine program in the City of Spokane.

Mr. Kaufman said the Big Brothers/Sisters of Spokane County has had a very good working arrangement with Spokane Youth Sports. There is a support fund for their organization's kids who's parents cannot afford the full cost, and Spokane Youth Sports kicks in the other \$15 per child for kids from Big Brothers/Sisters. **Chairman Tull** said these two organizations are leaders in the industry, and the Commission appreciates all the contributions made to the local communities.

Commissioner Divine moved to recertify Spokane Youth Sports; **Commissioner Graham** seconded the motion, motion carried.

Chairman Tull called for executive session and adjourned the public meeting until Friday morning at 10:00 a.m.

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING FRIDAY, OCTOBER 15, 1993

Chairman Tull called the meeting to order at 10:10 a.m. at the Cavanaugh's River Inn, Spokane, Washington.

MEMBERS PRESENT:ROBERT M. TULL, CHAIRMAN; COMMISSIONERS WANDA MOSBARGER, PATRICK J. GRAHAM and ARDITH DIVINE, and Ex Officio Member JUDI ROLAND.

OTHERS PRESENT:FRANK MILLER, Director; SHARON TOLTON, Special Assistant to the Director; BEN BISHOP, Assistant Director, Licensing; NEAL NUNAMAKER, Deputy Director; CALLY CASS-HEALY, Financial Investigations; JONATHAN McCOY, Assistant Attorney General; and SUSAN GREEN, Executive Secretary.

Chairman Tull said the agenda is relatively simple, and there are a number of rules up for discussion, but none are for final action today.

1. APPROVAL OF THE MINUTES FROM THE SEPTEMBER 9-10, 1993, MEETING

Commissioner Mosbarger noted an error in the minutes and asked for a correction on page eight. Instead of Representative "Barbara Pulm," it should be "Barbara Holm." With that correction, **Commissioner Graham** moved for acceptance of the minutes from the September 9 and 10, 1993, meeting as set forth as printed in the agenda packet and including the one change; **Commissioner Divine** seconded the motion, motion carried.

2. STAFF REPORTS

Director Miller gave an update on the Legislative Gambling Policy Task Force meetings, which were held on September 17th and October 4th. The first was in Olympia and dealt with the possibility of combining the three gambling-related agencies into one. The proposal came from Senator Skratek as a discussion topic with the concern around the horse racing industry. The discussion was lively. He said Chairman Tull and Commissioner Mosbarger both spoke at the meeting on this issue, which helped raise the awareness of the need for these agencies to work together on similar issues. **Director Miller** said the second meeting dealt with problem gambling and included a presentation by Dr. Rachel Volberg on the study she conducted in Washington state. He said Sharon Tolton also gave a presentation on behalf of the Gambling Commission, and the other agencies did as well. He said it was very informative. The final issue addressed was that of professional gambling, and Commission staff gave a presentation that opened a lot of eyes. The cases pursued by the Gambling Commission are the result of complaints. The program has been very successful.

Commissioner Graham said card rooms seem to keep the attention of the Task Force. There are only 120-some card rooms in the state, but there were three people at the meeting who have gone through the

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rehabilitation process for problem gambling who said there is a lot of illegal betting and side betting in the card rooms, as well as bookmaking. The other problem they see is that all the Gambling Commission agents are known, so when one walks in, the card rooms are able to conceal the illegal activities. One person testified that because of the high limits allowed, people get deeper and deeper into debt. A card room representative even testified that it is not to the card rooms' benefit to have higher limits. The task force meets again on November 4th in Vancouver, Washington, for a hearing and to focus on what is going on with gambling in the State of Oregon. The agenda includes the acting director of the Oregon Gambling Commission, representatives from the Portland Police Department, and a tour of Jantzen Beach sports betting operation. One more meeting will be planned for Spokane to look at what Idaho is doing, and that will be the last hearing. The report to the Legislature will then be formalized in December and presented to the Legislature by January 1st.

Director Miller said some of the card room people were quite concerned and have come to the Gambling Commission for advice. He said it is a small area, given the overall amount of gambling the Commission is involved in, but it is being looked at. In the bookmaking cases worked on, card rooms have been found to be a focal point of this activity. Many card rooms have been put on notice as to these concerns, and there have been real efforts to try and clean that up.

Director Miller gave an update on Class III gaming and said negotiations continue with numerous tribes, and there are ten compacts completed to date. He said the main concern lately has been the slot machines on the Spokane Indian reservation. The agency is concerned on behalf of the state, and at this point it is up to the U.S. Attorney to resolve that issue. The Commission takes the position that the Tribe is in violation of federal law and cannot legally be operating in that environment, but it is up to the federal level at this point.

Sharon Tolton gave a report on the problem gambling portion of the October 4th Task Force meeting. She said she gave a presentation focusing on four main areas: 1) developing an in-house policy with a recognition of problem gambling, 2) providing staff-oriented training, 3) having available information for staff and public, and 4) discussing the potential for dedicated funding. The Commission continues to increase awareness by attending a number of conferences and giving presentations on the impact of problem gambling in the criminal justice system. She said Cindy Reed provides information at the Commission's mandatory training sessions on a regular basis, and Ms. Tolton serves on the National Council on Problem Gambling, which is the first time a law enforcement agency has been included in that group. She said the agency works closely with the State Council, which is the 15th affiliate, and there are five more states seeking affiliate relationships with the National Council. In each of the ten Class III compacts reached there is a recognition of problem gambling. Although it's not dedicated funding, she said the Tulalip Tribes have contributed \$5,000 initially to the Council. It's stipulated in their compact that any fine money generated by the facility will go to the Washington State Council on Problem Gambling, as long as the Council continues to provide the services they do now, and do not take either a pro or con stance regarding gambling. **Ms. Tolton** said the WCCGA presented the Commission with posters they have been providing to their membership, which is an example of what the industry is doing on its own to raise awareness. The Commission has also worked closely with the Lottery and Horse Racing Commission on this issue, and the Washington State Criminal Justice Training Commission has agreed to distribute brochures on problem gambling at their upcoming conference in Tumwater.

ADOPT OR AMEND RULES

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Sharon Tolton said all these rules are for discussion and final action in November; staff requests that all rules, if passed, go into effect January 1, 1994. Staff will be preparing a rules manual supplement to include administrative orders that have occurred since the Feb. 1992 manual was printed. The supplement will be available at the November meeting. Given the volume of the rules on today's agenda, a new rules manual will be worked on and should be out by the Spring.

3. Commercial Amusement Games

Mr. Nunamaker said this section is the result of a new approach in approving amusement games.

A.New Section WAC 230-02-511

Attended Amusement Game Defined

Mr. Nunamaker said this is a term used in the major rule.

B.New Section WAC 230-02-514

Coin or Token Activated Amusement Game Defined

Mr. Nunamaker said there are two different types of amusement games, coin operated that don't require an attendant, and those that do require attendants. This rule will help differentiate between the two.

C.New Section WAC 230-20-508

Authorized Amusement Games - Types, Standards and Classifications

Mr. Nunamaker said this is the main rule in the section. This rule replaces the prior rule, which is listed in this section as a repealer, WAC 230-20-605. The basis for the change is that the previous way of approving games and listing each individual game approved has resulted in a very long list. Some of the games no longer exist and don't need to be on the list. Now the proposal is to just keep a list of characteristics. One major change is that, prior to the introduction of any new game, staff reviewed and approved it, and then submitted it to the Commission, which was very time consuming. The new way of the licensee selecting a category their game fits into will save time.

Mr. McCoy said he has a concern about this substantial change in the area of property rights. In the current climate, games are not operated until after they are approved by the Commission, so no property right exists in the operation of that game. By allowing the games to be operated before approval, there should be an indication in the rule that the games must be pulled in the event of disapproval. He said his solution would be to require operators to notify the Commission of the intent to operate a new game and have a provision allowing the Commission to pull the game immediately, upon review of the game, during the course of operation, if it doesn't fit the requirements. He said he would draft his proposal in writing. **Director Miller** agreed that is a valid concern, and the Commission wants to expedite the process. He said approving each game has been a time consuming process in the past. He suggested also that there be a requirement to notify the Commission of a new type of game along with a description of the game and how it is played. If there are any questions about the game, staff could go out and take a look at the game. He asked Mr. McCoy if that change was made, could the rule still be passed in November. **Mr. McCoy** said it could be done, under the APA. It would be a change from the current rule, but not a substantive change. It could be passed and remain open for comment for a two- or three-month period beyond its passage.

Mr. Nunamaker said another issue that came up at the last meeting about this question was from an operator who was concerned about making an investment in machines without approval and risk them being

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pulled. One solution for this is found within the bingo rule package, where it says that any game or idea can be reviewed and then the Commission can be reimbursed for its time.

D.New Section **WAC 230-20-509**

Amusement Games - Classification to be Assigned by Operator

E.Amendatory Section **WAC 230-20-615**

Amusement Games - Material Degree of Skill Required - Standards

Mr. Nunamaker said this removes the requirement of viewing the game, and the amendment to this one will help clarify contradictions where it talks about chance instead of skill. In the amending order, those references are taken out.

F.Amendatory Section **WAC 230-20-630**

Amusement Games - Fees, Rules, Prizes, and Variations in Objects to be Posted - Fees to be Paid in Cash or Script - Prizes Not to Differ From Those Posted

G.Amendatory Section **WAC 230-20-700**

Coin Activated Amusement Games - Standards

Mr. Nunamaker said these two are housekeeping changes to go along with the rest of the rules if they are passed. These are based on changes made on the basis of a petition two months ago.

H.Repealer **WAC 230-20-605 - Types of Amusement Games Authorized**

Mr. Nunamaker said this is the rule that WAC 230-20-508 would replace.

4. Regulation of Nonprofit Organizations

Mr. Bishop said this is a package of six rules covering regulations, and they were discussed in detail with the bingo committee, which is in support of these rules entirely.

A.New Section **WAC 230-02-108**

Gambling Proceeds Defined

This is necessary to implement the program, since "gambling proceeds" is the term used in the statute.

B.New Section **WAC 230-02-183**

Active Member Defined

Also statutory language. There is a revision to this section mailed with the agenda, and the Commissioners have been provided with a package of addendums that contain the highlighted language. The change to the revision provided a definition of an active member for an incorporated town or city, and provides that any registered voter authorized to vote for mayor or other governing body would be an active member. This is at Chairman Tull's suggestion from the last meeting.

C.New Section **WAC 230-02-278**

Program Services Defined

The program for evaluating charitable/non-profit organizations will be looking at the program services they provide.

D.Amendatory Section **WAC 230-04-024**

Bona Fide Charitable or Nonprofit Organizations--Minimum Qualifications--Restrictions--Definitions.

Mr. Bishop said this is the main thrust of the regulation. There is also an addendum for this that covers towns and cities, and that certain parts of this rule do not apply to a town or city.

E.New Section **WAC 230-08-255**

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Bona Fide Charitable or Nonprofit Organizations--Significant Progress--Group II and Group III Licensees

For the larger licensees, **Mr. Bishop** said this measures progress in meeting their stated purpose objectively. There is a revision for this section that can be found in the packet, and it does not change the essence of the rule, just provides a list.

F.New Section **WAC 230-12-078**

Bona Fide Charitable or Nonprofit Organizations--Responsibilities--Independent Management Control Structure Required

Management responsibilities.

Chairman Tull asked for testimony from the audience members; no one came forward.

5. Licensing of Bingo Equipment Manufacturers & Distributors

Mr. Bishop said this section includes the licensing of bingo equipment, and the use of disposable bingo cards in Class "G" and above bingo games, those games licensed to receive over \$1 million. He said he's met with manufacturers and bingo committee and discussed these rules, and he met with distributors yesterday, which has resulted in some additional changes.

A. Amendatory Section **WAC 230-02-210**

Distributor Defined

Adds gambling equipment to the definition.

B.Amendatory Section **WAC 230-02-230**

Manufacturer Defined

Mr. Bishop said bingo equipment was added, and also, at the request of distributors and manufacturers, a proviso was added to the end of the rule to allow distributors to modify gambling equipment designed by manufacturers, rather than have the manufacturer come and do it.

C.Amendatory Section **WAC 230-02-250**

Bingo Equipment

List of items considered to be bingo equipment. The distributors have expressed concerns regarding daubers and ink being listed. People will testify on this one today.

D.Amendatory Section **WAC 230-04-110**

Licensing of Manufacturers

Requirements for licensing, and major changes regarding what manufacturers are required to submit on applications, which in essence just codifies what has been policy. **Mr. Bishop** said there is a revision in the packet on this section; subsection four of the rule lists what manufacturers would have to provide during the licensing process. Issues have been worked out with that group regarding proprietary records, in that instead of submitting as part of the application, they would be made available for investigative purposes, but not as part of the application and not as public documents.

E.Amendatory Section **WAC 230-04-120**

Licensing of Distributors

Mr. Bishop said the changes in the revision make the requirements for distributors in the licensing process the same as manufacturers.

F. Amendatory Section **WAC 230-08-017**

Control of Gambling Equipment -- Use of Identification & Inspection Services Stamps

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Mr. Bishop said this adds the requirement that I.D. stamps be placed on disposable cards and collations. The revision on this one has to do with staff evaluating schemes or equipment anyone brings forward, but unless they are licensees, they would have to pay for that service.

G.Amendatory Section **WAC 230-08-025**

Accounting Records to be Maintained by Distributors and Manufacturers

Mr. Bishop said modifications on this include bingo. As a result of his meeting with distributors, **Mr. Bishop** said he proposed to add language to subsection 1A as a proviso, "manufacturers may use a computer-generated numbering system;" he said to add "and distributors" after "manufacturers." He asked **Mr. McCoy** if he considers that to be a substantive change. **Mr. McCoy** said it is not.

H.New Section **WAC 230-08-040**

Sales Invoices--Minimum Information to be Recorded for Transfer of Gambling Equipment

Mr. Bishop said information that was required in WAC 230-08-025 was placed here; also added information that must be on an invoice for transfer of bingo equipment.

I.Amendatory Section **WAC 230-08-140**

Quarterly Activity Reports by Distributors

J. Amendatory Section **WAC 230-08-150**

Quarterly Activity Reports by Manufacturers

Reporting requirements for manufacturers and distributors; bingo was added to these.

K.New Section **WAC 230-20-192**

Standards for Disposable Bingo Cards--Definitions

Mr. Bishop said this is a new rule. There is a revision for this in the packet that does not change the essence of the rule. It just changes language in subsection two, reverses K and L at the suggestion of the manufacturers for clarity.

L.Amendatory Section **WAC 230-20-240**

Bingo Equipment to be Used

Mr. Bishop said this sets out requirements and standards. There is a revision regarding this one found in the agenda packet that clarifies 4D at the request of manufacturers. There are letters from operators and the public, and an additional letter he passed out. He said there have been three comments received on this one. The concerns are the limitations on marketing schemes with the availability of cards. Staff will continue looking at this, as will manufacturers.

M.Amendatory Section **WAC 230-20-241**

Player Selection Games

Language from this was placed in another rule in order to look at all the requirements for disposable cards.

N.New Section **WAC 230-20-243**

Hidden Face Bingo Games

Mr. Bishop said this codifies previous policy.

Chairman Tull asked if there were any questions. **Commissioner Graham** asked why there are so many rules and changes being proposed in a time when regulations should be cut back instead. **Mr. Bishop** said there are three basic reasons for the changes: 1) bingo has been treated differently than other games, manufacturers and distributors of bingo equipment have never been licensed, so there have been some unlicensed individuals doing business with gambling equipment here in the State of Washington; 2) as

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games have grown, it is now virtually impossible in games of \$1 million or more to avoid duplicate cards, which cheats the players out of the advertised prize. The majority of operators try not to do this, but there have been two cases within the last year where operators manipulated the game and the players; and 3) bingo games have grown so much that it is now virtually impossible to audit an operation without going in and stopping a game to count the cards and be sure that the receipting of the dollars equals what is in play. With the average player having 16 cards a piece, the game has to be stopped in order to count all the cards.

If there are hard cards, there are no meters on them to indicate the number of times used or how much they were sold for.

Commissioner Graham said his concern is that significant regulations are being proposed that achieve minor objectives. He said it's like using a sledge hammer to crack a little nut. He asked why the industry would want to propose these rules. **Mr. Bishop** said staff has proposed these rules in conjunction with the study groups and industry. **Director Miller** said his own concern on this set of rules is that there has been a double standard that needs to be corrected now. In the area of bingo, people can sell on credit, there are no quality controls, no licensing requirements, so the ability exists for someone to come into the market and profit from bingo without being legitimately qualified to hold a gambling license. He said he believes the policy was set up years ago to allow organizations to start games without having a lot of capital. Given the professionalism of the industry and where it has come now, **Director Miller** said it's not an appropriate way to regulate. These rules have been worked out with the industry and are supported. It is a comprehensive program that requires adding new regulations.

Commissioner Graham said adding more rules adds more work for the Commission staff; **Director Miller** said it will streamline the process somewhat because there will be more accountability, especially in the area of paper products for the larger games. It will not increase regulations for the small games. **Commissioner Graham** said the professional bingo operators should take care of the problems themselves and not ask staff to come out there with new work. **Director Miller** said he thinks it's owed to the public to go this extra step. Paper is the cleanest way to regulate, and in a \$200 million-plus industry, tight regulations must be kept.

Chairman Tull asked for comments. **John Beadle**, Seattle Junior Hockey, referred to WAC 230-02-250, Bingo Equipment. He said there are a lot of operators wondering why daubers and ink should be defined as bingo equipment when they are available at any store. If daubers are regulated, the crayons some people use to mark off their cards may as well be regulated too. He said the items are commonly available and should not be called bingo equipment. He said no distributor would offer daubers at half price to someone agreeing to buy only their paper, and that there are much more attractive items than daubers to offer an operator, such as prizes.

Ed Hemming, Mr. Ed's Bingo Supply, said they sell daubers to preschools and to individuals not licensed by the Commission. He said he has more concerns, though, than just daubers. As licensed distributors of bingo equipment, they would be unable to give any throw-aways to schools and PTAs like they do now. He said they donate surplus paper and loan out bingo equipment to PTAs, and under the new rule they would have to charge them money. He said they have five-year-old bingo paper they still use that's remaining from a collation someone ordered and dropped, and they have probably in excess of \$1 million in paper. He fails to see where licensing manufacturers and distributors will accomplish anything; it's the same product they've always produced, it will just have a stamp on it. He feels that there are too many rules and regulations now and it is difficult to follow them all in the pull-tab industry. He said he has a lot of groups, like Princess House and Tupperware, that come in and buy a bundle of paper for their parties, and they wouldn't be able to continue doing that under the new regulations. He said he will be sending a letter to the Commission detailing his objections to the regulations. He said that, in about 1974, all the manufacturers and distributors had to have a bingo license, but it only lasted 30 days because it was too difficult for the Commission to

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regulate.

Commissioner Graham asked Mr. Hemming if he knew of any unscrupulous, unlicensed, bingo equipment salesmen selling in the state of Washington. **Mr. Hemming** said not at this time. He said his company probably sells 50-75 percent of the paper in the industry, including the Indian games, and he does not know of any, although you can get bingo equipment throughout the country. He said bingo paper is not high-profit and they only have a 25 percent mark up. They bring in 44,000 pounds at a time by truck, so their freight isn't high. **Director Miller** asked if he knew of how many distributors are actually selling bingo paper in the state. **Mr. Hemming** said there's Spokane Punchboard, McCoy's, Zanolto's, Mr. Ed's, Bill's Distributing, Gasperetti's and maybe more. **Don Grothe** (from the audience) said there are about 10. **Director Miller** asked about exclusive agreements, and said that product is pretty much controlled by exclusivity contracts. **Don Grothe** said there are no exclusive agreements, it's just that they have to buy enough to get a price break, like \$10,000 at a time. He said he did not think that is discriminatory; **Director Miller** said he disagrees with that. **Mr. Hemming** said he has heard comments that they have an exclusive agreement with Arrow, but that they do not, even though his son-in-law does work with Arrow. **Mr. Hemming** said 90 percent of his California outlet's paper comes from Trade Products. He said his paper in Minnesota's outlet comes from Bingo King, Trade and Arrow.

Director Miller said there is nothing illegal about the way it's been done in the past, but he said there should not be a double standard when bingo paper is a major source of the gambling paraphernalia in bingo, as compared to pull-tabs. There have been a few unscrupulous operators in the state, and they must always be qualified to profit from gambling. **Mr. Hemming** said he does not have exclusive agreements.

Don Kaufman, Big Brothers & Sisters of Spokane, said he could be selling highlighter pens instead of daubers, and that daubers should be in the same category as glue sticks are in the rule. **Chairman Tull** asked what volume of daubers move through his organization; **Mr. Kaufman** said it's a significant number, and that they've used them as give-aways at times, keeping it under the \$3 limit for gifts. **Commissioner Divine** asked if people are able to bring in their own daubers; **Mr. Kaufman** said yes. **Director Miller** said the rule only applies to those daubers manufactured by a manufacturer of bingo paper, or sold by a distributor of paper. **Mr. Beadle** said his volume of daubers is very significant; \$100,000 in a large operation like his. **Mr. Kaufman** said that once it's all paper, they will be looking at the same amount, but that now it's half hard cards. He said he appreciated Commissioner Graham's concerns, but that the industry has matured except for some small pockets of the industry. Spokane still uses a lot of hard cards and will do so until the market is forced to go all to paper. He said it's time to move to paper, so he agrees with this move.

Mr. Kaufman said he has a concern about rule L, WAC 230-20-240, duplicate cards and the penalties. He said this area lacks statistics and data. Manufacturers do not know how many cards are duplicated between their series and competitors' series. He said duplicates will arise and it is unfair to pay substantial penalties in an area that hasn't been researched. He suggested moving to paper in January, use it for six months and record all the duplications that occur, notify the Gambling Commission of the volume of problem that exists, and then decide what kind of penalty should be established and how best to address that and avoid problems. **Commissioner Mosbarger** asked if it would be satisfactory to him if the Commission passed the new rule on duplicate cards with a six-month delay on the penalties; **Mr. Kaufman** said yes, that would meet their needs and give time to collect data, and maybe time to put some pressure on the manufacturers to find ways to limit duplicates. He said their game has three cash register sites and eight cash registers, and if any one series is taken, there isn't enough paper there to avoid duplicating. There are three levels of play offered through eight different cash registers, and duplication is difficult to avoid. He said they are willing to work on that. They also use paper from different manufacturers and have no idea how many duplicates there are between the different manufacturers.

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Commissioner Graham said he sees the advantage in licensing paper. He asked how many times there have been double winners in the last year at Spokane Big Brothers/Sisters; **Mr. Kaufman** said they set a record this year in double winners. **Mr. Spencer** said that with hard cards there is a significant number. In the paper sessions, duplicates are minimal, but when running a lot of different series, there's more of a risk. **Commissioner Graham** asked if the rule is needed to take care of this problem; **Mr. Kaufman** said the rule is needed but not the penalty, until more is known. **Commissioner Graham** asked how he feels about the stamp being added to bingo paper; **Mr. Kaufman** said he has no problem with that as long as his understanding is correct in that there is one stamp per 9,000 faces. If it's one collated packet per stamp, he has a problem with that. He said it's not needed though, and that there aren't that many problems in the collating process. **Director Miller** said there needs to be funding for the program and a quality-control process. **Mr. Kaufman** said he can live with it costing \$1 per 9,000 in a series if that will help the staff do it's job in making sure the manufacturers have accurate products. **Mr. Bishop** said the stamp itself is for tracking of the series, not for certification of a "pure" product. It's simpler to trace the I.D. stamp generated by the agency than a number that will exceed a million in six months. **Commissioner Graham** asked if this will speed up the audit process; **Mr. Bishop** said yes, because having to count individual cards will stop.

Don Grothe, Zanotto's Distributing, said there's been maybe two people who've done things they shouldn't have with duplicate cards, and they must have been operators. He said there's already three numbers on every set of paper out, one for audit control, one is a serial number, and the other is a tracking number. The auditors should have enough information to track them because they put the serial number of every set sold on every invoice. He doesn't see the gain in putting a stamp, another number, on the series. He said there is absolutely no duplication in paper anymore, because it's made on a long belt, there are 63,000 different faces broken down into 9,000 per series, which makes seven series and should give anybody enough paper to cover a huge hall without duplicates. He said his company has not had a duplicate face for two years, and that was when it was made differently than it is now. He said there are five or six bingo paper manufacturers in Washington state to buy from. **Director Miller** asked if he has a exclusivity agreement with anyone; **Mr. Grothe** said no, he just buys where he wants. **Director Miller** said Trade has to sell its pull tabs to any distributor in the state, and Bingo King does not have to sell bingo paper to any distributor. **Mr. Grothe** said Bingo King will sell paper to anyone if they buy enough of it. He said there will be a big mess if stamps are put on the paper. **Director Miller** asked if, under these new rules, Mr. Grothe would become a manufacturer in that they collate the paper after they get it; **Mr. Grothe** said no, he doesn't cut and collate. His concern is the stamp, one for 9,000, and the whole process. He said the system has worked fine for a long time and should not be changed. Controlling paper and parts for bingo equipment seems excessive. **Director Miller** asked if they sell paper on credit now; **Mr. Grothe** said yes, and they carry out five- and ten- year contracts; but they do not sell pull tabs on credit. **Commissioner Graham** asked his opinion on going to all paper; **Mr. Grothe** said they do not even have hard cards available for sale. He said they have 15-20 different Tupperware dealers who buy paper now. He also sells to schools and to people who just want a bundle. He said the Commission is doing a good job now in finding errors in the halls and it should continue the way it is.

Chairman Tull asked for anyone else who wants to testify on these rules. He said no action would be taken today on these rule, and that written comments will also be accepted up until the time they are acted on at the November meeting.

Mr. Bishop said there is also the issue of stock-on-hand, and if the rules are passed, staff will be issuing a policy grandfathering in product purchased before the rule goes into effect. On the issue of duplicates, he thought there wouldn't be a problem with duplicates anymore until he talked to the manufacturers, who said they've had duplicates caused by the manufacturing process, although it isn't common.

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6. REGULATION OF DISPOSABLE BINGO CARDS

Mr. Bishop said these rules are the accounting procedures for operators to implement the bingo disposable paper product.

A. Amendatory Section WAC 230-08-080 - Daily Records--Bingo

B. New Section WAC 230-08-105 - Disposable Bingo Cards--Inventory Records

Mr. Bishop said this rule is the item that would allow the agency to reduce auditing procedures.

C. Amendatory Section WAC 230-20-101 - Income From Bingo Games--Receipting Required

Mr. Bishop said there is an addendum for this set, and he has been in contact this morning with a manufacturer who suggested some language change in subsection 3D to read, "cards used in player selection games must be duplicate...", and the rest of the section would be renumbered accordingly. The rule was originally written for "pick eight" type of games and a duplicate is required in the accounting process. No one had any testimony on this group of rules.

7. Punchboards and Pull Tabs

New Section **WAC 230-30-998**

Punchboard and pull tab retention requirements--Test

Ms. Tolton said this is a new rule that provides for a 12-month test for commercial pull tab operators to reduce the retention period from four months to two months. She said comments were received saying that the City of Tacoma, by local ordinance, requires that licensees maintain their pull tabs for a period of six months. If the City agrees to participation in this test, the director would consider allowing licensees in Tacoma to participate in the test.

Dick Dickerboon, Lonejack Saloon, testified that he would appreciate this rule, because it will free up a lot of space, it will make security maintenance easier with less to guard, and there will be less to dispose of. **Chuck Russell**, Valley Tavern, said one thing to remember is, pull tabs don't go away after four months because of the volumes of reports kept on each and every pull tab series. He said the records can always be verified and checked, and he thinks even one month would be plenty for retention.

Chairman Tull said this rule is up for final action in November at the SeaTac meeting.

8. UNFINISHED BUSINESS

Chairman Tull asked if there were any other unfinished items, there were none.

9. COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

David Gee, ATM America representative, said he is at the meeting to explain what kinds of machines are available for gambling, as well as for taverns and night clubs. He said they are more convenient for the customers, and also for the business owners because the problem of bad checks is solved. The check guarantee company services are very costly, and credit card cash advances are not allowed in the gambling establishment, although ATM transactions can be used. The machines he brought with him are script-dispensing machines. **Chairman Tull** asked how the script works; **Mr. Gee** said that it signifies the transfer of money directly from the person's account to the place of business, electronically, and the script is a voucher guaranteeing this transfer of funds, which takes about two working days. **Commissioner Graham**

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said the Commission is reluctant to issue new regulations, and when the ATM issue came before the Commission, it was their feeling that it would be inevitable that the machines would begin appearing at or near gambling establishments. He said the placement of the ATM machine should be in good taste, because people may be spending money they should not be spending. He said the Commission agreed to allow these machines as long as good judgement is used in their placement. **Mr. Gee** said what they've seen is that operators are currently accepting checks anyway, and this is a safer way to make sure those funds are available. **Commissioner Mosbarger** asked if the person's account is frozen for the amount withdrawn at the time of the transaction, or could that person go down the next day and withdraw the rest of his money before it gets to the establishment. Over a weekend, it's possible that could happen, but banks guarantee the funds and usually place a limit on the amount of money that can be used in one day or per weekend.

Chairman Tull asked if anyone else had business to come before the Commission; hearing none, he thanked people for their comments on the proposed rule changes and encouraged more comments including written. He said there is no other business to be taken this afternoon, and he adjourned the meeting until the November meeting in SeaTac.

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Green
Executive Secretary